

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## Staying Back: TDS, Shentel Not Jumping for BEAD Funding

It was three weeks ago that **Shentel** announced it would be selling its tower portfolio for \$310 million, and EVP/COO *Ed McKay* believes it was perhaps the perfect time to strike a lucrative deal that will make room for future investments.

"We've always said we would consider selling them if we had an opportunity to redeploy that capital, and we felt that, with the acquisition of **Horizon Telecom** in Ohio, this was a great time to explore the sale of those assets, and we were very pleased with the multiple we received," McKay said. "[It was] significantly higher than the publicly traded comps, so we felt like it was a good use of the sale and the proceeds to help fund not only our Horizon acquisition, but to help us provide growth capital for our **Glo Fiber** broadband expansion."

McKay's comments came during a panel at the **New Street Research** and **BCG Fiber to the Future** conference Friday where he shared the virtual stage with **TDS Telecom** CEO *Jim Butman*. Looking at his own footprint and opportunities for growth, Butman said TDS is lucky enough to have more opportunities than it can fund. Over the last few years, the company's focus has been on its out-of-territory markets.

However, it has pulled back its build pace somewhat in its ILEC and cable markets. That will change as it prepares this year on the engineering side for what will be a significant ACAM build, but there are a number of macroeconomic factors that Butman and his team have to keep an eye on to ensure the

balance sheet stays right where they want it.

"The interest rate environment isn't pretty. So I would say in the short run, all of this timing, we feel like it's a little bit of a puzzle as we do all the engineering and we get into the next years, hopefully the interest rate environment will be better, better for lending and we'll have other sources of funding," Butman said.

Neither Shentel nor TDS plan to be major participants in the BEAD program at this point in time. McKay noted that when it comes to state grants or ARPA funds, there are fewer strings attached than what **NTIA** has placed on the BEAD program. He and Butman share hesitations when it comes to participating due to mandates on labor rates, potential mandates on pricing and reporting requirements they call onerous. For Butman, there are a number of reasons why the Alternative Connect America Cost Model has been a far more attractive program. "What we like about the ACAM program compared to BEAD is it's an ongoing revenue stream all the way to 2038, so it not only pays for the bill, but you get ongoing revenue streams for maintaining the networks," Butman said. In its ACAM markets, TDS is investing mostly in fiber builds. Butman said he does believe they will all become fiber in the long run, but there will also be areas where it makes sense to use short copper loops.

"When we can get to the 100/20 Mbps and we're providing good service, we'll do it," he said. We're not going to throw just money because it's fiber, but the vast majority will be."

# THE FAXIES

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## SIROTA LIKING ALTICE USA'S PROGRESS, CONFIDENT IN FUTURE

It's been a little over a year since *Marc Sirota* joined **Altice USA** as its CFO, and he certainly had his work cut out for him as the company underwent cultural and operational transformations. But as he sits with a year under his belt, Sirota has seen that overhaul touch all aspects of Altice USA, and it's led to the company gaining momentum despite continuing to face the challenges that impact the industry today. Sirota spoke at **New Street Research** and **BCG's** Fiber to the Future Conference on Friday, noting that macroeconomic factors like high interest rates, low levels of housing formations and moves and competition with overbuilders and fixed wireless still afflict Altice USA, but he's confident in the company's ability to return to growth. "We're optimistic about where we see the trends moving in the long run. We're going to continue to focus on profitable growth," Sirota said. "Our strategy navigates really on two fronts, in our minds: things that we can control, such as operational efficiencies, but there are certainly things that we can't control [such as] competition, the microeconomic, macro-economic factors." Specifically, Sirota likes what he sees with the company's progress in ARPU. The company grew residential ARPU YOY for the first time in nine quarters in 4Q23 with 0.1%, and he's a big believer in Altice USA's ability to create sustainable and consistent ARPU growth. Sirota pointed to the company's more disciplined approach around video pricing that aligns better with the inflation pertaining to programming costs in addition to the continual drive in mobile. But what excites Sirota overall is the AI capabilities that Altice USA has launched over the past six months that have streamlined conversations that it's had with customers. "Some operators may skew more toward lower rate customers. We have pretty long-tenured customers, those tend to skew to higher ARPU," Sirota said. "For us, we feel like we have the technology now and the capability to manage rate on a consistent basis, so we see a path for growth in both subs and ARPU over time." And even though Sirota's chat with NSR's *Jonathan Chaplin* was out of time, Chaplin made sure to sneak in a question about **Charter's** reported interest in Altice USA, but he was met with an expected response. "We don't speculate or comment on rumors in the media ... and just a point of emphasis. [Altice USA CEO Dennis Mathew] said it, we're a controlled company. Our job is to focus on operating the business and really get back to long-term subscriber, EBITDA and cashflow growth," Sirota said.

## NTIA BUILDS MAP TO EASE PERMITTING ISSUES

**NTIA** launched a new [mapping tool](#) Friday to help grant recipients and others identify permit requirements and avoid environmental impacts when connecting locations. The NTIA Permitting and Environmental Information Application combines public federal maps from a number of agencies and includes state lands data as well as Tribal lands boundaries. It also shows various rights of way, and users can print maps to PDF or ingest the data into their own GIS systems. The hope is that the application will help infrastructure projects be successful. NTIA uploaded a tutorial on how to use the map to the agency's YouTube channel, and it plans to announce more permitting initiatives to support federal broadband deployment projects in the coming weeks.

## OLYMPICS OPENING CEREMONY COMING TO IMAX

This summer's Olympics in Paris will have a different kind of opening ceremony, and **NBC** is bringing it to IMAX locations across the country come July 26. It's the first time the opening ceremony won't take place in a stadium, instead opting for a four-mile-long flotilla of nearly 100 boats carrying the athletes from over 200 countries along the River Seine. More than 150 IMAX locations will carry the ceremony. Tickets will be available to purchase at local IMAX locations or on Fandango beginning this summer.

## MOODY'S EXPECTS CABLE ONE MEGA BROADBAND IN 2025

**Moody's** affirmed **Mega Broadband's** B2 Corporate Family Rating and B2-PD Probability of Default as well as subsidiary **Eagle Broadband's** B2 senior secured credit facility. The rating action reflects stable revenue and EBITDA, strong, steady EBITDA margins near 50%, and leverage of 5.3x that is expected to fall to the high 4x over the next 12-18 months with mandatory debt repayment. **Cable One** paid \$575 million for a 45% stake in Mega Broadband in 2020 and has the option to buy all of it. Moody's said Cable One is likely to acquire the remaining 55% interest in Mega Broadband from its private equity owner GTCR in 2025, predicting the announcement to come at the end of 3Q25 and a closing near the end of 2025.

## COMCAST COMING TO EDISON

The New Jersey Board of Public Utilities approved **Comcast's** application for a system-wide franchise to operate in Edison

Township. Construction on the multi-year project will begin immediately, and the newly-built network will deliver service to more than 40,000 residents and businesses upon its completion.

**CONSOLIDATED TAPS MYBUNDLE**

**Consolidated Communications** is teaming with **MyBundle** to offer customers more choices when it comes to accessing video programming. Consolidated will launch MyBundle's tools to educate its customers on how to transition from traditional video options to streaming alternatives based on their needs and viewing preferences. MyBundle now has deals in place with nearly 220 broadband providers in the U.S. serving approximately 13 million customers.

**SINCLAIR OFFERS T2 VIA ATSC 3.0**

**Sinclair** is expanding the reach of **Tennis Channel's FAST network T2**, making it available as a free virtual network in all of its markets that have deployed ATSC 3.0. Currently, Sinclair is utilizing the NextGen broadcast standard in 43 markets. T2 programming delivered using ATSC 3.0 will use Advanced HDR by **Technicolor**.

**C2HR CALLS FOR PARTICIPANTS**

**C2HR** is inviting all eligible employers to take part in its 2024 Compensation Surveys. The surveys illustrate pay practices for positions ranging from technicians to top executives from two categories: connectivity providers and content developers. This year's connectivity provider survey includes 623 job titles, which prompted C2HR to add systems engineering and marketing analytics as job families. For content developers, this year includes 888 job titles and the addition of four new job families (social media news producing, data journalism, sales account service/management and non-sales account service/management). Data for the surveys is due in late April. To participate, contact *Laurie Krashanoff*.

**PROGRAMMING**

**CNN** will encore episodes of **HBO's "Real Time With Bill Maher"** following the show's usual Friday airing. Starting tomorrow, CNN will replay episodes on Saturdays at 8pm. **"Be My Guest with Ina Garten"** is returning to **Food Network** with six episodes. It'll begin April 21 at noon, featuring guest stars like *Jennifer Garner, Nicole Mann, Danny Meyer and Emily Mortimer*.

**CABLEFAX DASHBOARD**

**Social Media Hits**

**Michael Petricone** (@mpetricone)  
Happy First Day of Spring! Cherry blossoms in full effect at @CTATech HQ 🌸



**CSPAN** (@cspan)  
C-SPAN Co-CEO Susan Swain (@cspanSusan) discusses the history of the network on its 45th anniversary along with its Founders' Day campaign. Learn more and donate at [c-span.org/donate/#cspan45](https://c-span.org/donate/#cspan45)



**Shirley Bloomfield** (@sbloomf15)  
@LakelandComm very own Crystal Morley is not only a top #broadband industry CFO and @NTCAconnect trustee, she and her family also produce amazing maple syrup. Of course, I have to try their entire line! #WomenInTelecom #SmallBiz



**Research**

(Source: [Inscope 4Q23 TV Market Trends Report](#))

- > The average number of apps used on smart TVs has stabilized to around 5.5 native apps used per TV.
- > 55% of viewers solely streamed content, a minor increase from 3Q23's 54%. Meanwhile, the cohort that only watched via cable/satellite/OTA has dropped from 9% in 4Q21 to 5% in 4Q23.
- > 93% of total streaming time was driven by viewers who only (63.9%) or mostly (29.6%) streamed on their smart TVs. In other words, nearly two-thirds of streaming viewing time is done by people who never watch via cable, satellite or OTA, up from 60% in 1Q22.

**Up Ahead**

**APRIL 3-4:** [Mid-America Cable Show](#); Dallas

**APRIL 10:** [T. Howard Foundation Diversity Awards Dinner](#); NYC

**APRIL 10-11:** [Pennsylvania Broadband Summit](#); Lancaster, PA

**APRIL 13-17:** [NAB Show](#); Las Vegas

**Quotable**

*"As I told @NYtimes @Dealbook, in 1983, Disney was under attack by corporate raiders trying to take over the company. That would have ended the Disney Company as we know it, for the studio, theme parks, and hotels were suggested to be sold off. The board turned to me and Frank Wells, and a different story was written, one that was continued by Bob Iger and his executive team. Today, a similar situation exists, so let's remember the lessons from 40 years ago. Bringing in someone who doesn't have experience in the company or the industry to disrupt Bob and his eventual successor is playing not only with fire but earthquakes and hurricanes as well. The company is now in excellent hands and Disney shareholders should vote for the Disney slate."*

- **Former Disney CEO Michael Eisner on X encouraging Disney voters to stand by the company in its proxy fight with activist investors**